

Message Text

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15

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 OPIC-03

SSO-00 NSCE-00 USIE-00 PRS-01 L-03 CIAE-00 INR-07

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FM AMEMBASSY LIMA

TO SECSTATE WASH DC NIACT IMMEDIATE 1884

C O N F I D E N T I A L LIMA 8564

PLEASE PASS SECRETARY FROM MAW

E.O. GDS

TAGS: BDIS, EINV, PFOR, PE

SUBJECT: MARCONA SETTLEMENT

1. SUBJECT APPROVAL TUESDAY BY COUNCIL OF MINISTERS AND SUBSEQUENT RATIFICATION BY DECREE LAW WE HAVE REACHED SETTLEMENT MARCONA NATIONALIZATION AND RELATED ITEMS FOR PRESENT VALUE IN EXCESS 60 MILLION DOLLARS COMPRISING 37 MILLION DOLLARS CASH NOTE PAYABLE OUT OF

BALANCE OF PAYMENTS FINANCING EXPECTED TO BE CONCLUDED WITH NEW YORK BANKS WITHIN NEXT MONTH, SALES OVER FOUR YEARS OF 3,740,000 TONS PELLETS AT PRICES RANGING 18 TO 23 DOLLARS PER TON, SALES CONTRACT HAVING VALUE OF APPROXIMATELY 22 MILLION DOLLARS, FORGIVENESS OF 3.6 MILLION DOLLARS INTRA-COMPANY INDEBTEDNESS, AND TWO MILLION DOLLARS ALREADY EARNED UNDER EXISTING FREIGHT CONTRACT.

2. EXPECTATION IS THAT COVERING INTER-GOVERNMENTAL AGREEMENT, PROMISSORY NOTE AND SALES CONTRACT WILL BE SIGNED 22 SEPT WITH PRELIMINARY ANNOUNCEMENT OF SETTLEMENT THAT DATE BUT WITHHOLDING DETAILS UNTIL RATIFICATION AND ISSUANCE NEW DECREE LAW BY COUNCIL OF
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MINISTERS FOLLOWING TUESDAY (28 SEPTEMBER). WE HAVE IN HAND MARCONA'S

APPROVAL.

3. I HAVE ASKED HARRY SCHLAUDEMANN TO JOIN ME WEDNESDAY IF POSSIBLE
FOR FINAL SIGNING AND DISCUSSIONS PRIME MINISTER AND FOREIGN MINISTER

BEFORE I RETURN NEW YORK WEDNESDAY EVENING OR THURSDAY.

4. ANNOUNCEMENT TEXTS WILL BE FORWARDED DEPT AS SOON AS CLEARED
WITH GOP FOR SIMULTANEOUS RELEASE WASHINGTON AND LIMA.
DEAN

NOTE BY OC/T: NOT PASSED SECRETARY.

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NNN

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Margaret P. Grafeld
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